

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of)	
SEMCO ENERGY GAS COMPANY)	
for reconciliation of the gas cost recovery plan for)	Case No. U-17692-R
the 12-month period ended March 31, 2016.)	
_____)	

At the March 28, 2017 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. Sally A. Talberg, Chairman
Hon. Norman J. Saari, Commissioner
Hon. Rachael A. Eubanks, Commissioner

ORDER APPROVING SETTLEMENT AGREEMENT

On June 30, 2016, SEMCO Energy Gas Company (SEMCO) filed an application, along with supporting testimony and exhibits, seeking approval to reconcile its gas cost recovery (GCR) revenues and expenses for the 12-month period ended March 31, 2016.

A prehearing conference was held on September 8, 2016, before Administrative Law Judge Martin D. Snider (ALJ). At the prehearing conference, the ALJ granted intervenor status to the Michigan Department of the Attorney General. The Commission Staff also participated in the proceeding. Subsequently, the parties submitted a settlement agreement resolving all issues in this case.

According to the terms of the settlement agreement, attached as Exhibit A, the parties agree that SEMCO has a GCR overrecovery of \$297,394 and an overrecovery of \$90,845 in gas customer choice (GCC) balancing/demand charges. The parties further agree that SEMCO should

be authorized to roll the overrecovery of \$297,394 into the beginning balance for its 2016-2017 GCR reconciliation. In addition, the parties agree that SEMCO should be authorized to roll in the overrecovery of \$90,845 for the 2016-2017 GCC balancing/demand reconciliation.

The Commission finds that the settlement agreement is reasonable and prudent, in the public interest, and should be approved.

THEREFORE, IT IS ORDERED that:

- A. The settlement agreement attached as Exhibit A is approved.
- B. SEMCO Energy Gas Company is authorized to roll the overrecovery of \$297,394 into the 2016-2017 gas cost recovery reconciliation.
- C. SEMCO Energy Gas Company is authorized to roll the overrecovery of \$90,845 into the 2016-2017 gas customer choice balancing/demand reconciliation.

The Commission reserves jurisdiction and may issue further orders as necessary.

Any party desiring to appeal this order must do so by the filing of a claim of appeal in the Michigan Court of Appeals within 30 days of the issuance of this order, pursuant to MCL 462.26. To comply with the Michigan Rules of Court's requirement to notify the Commission of an appeal, appellants shall send required notices to both the Commission's Executive Secretary and to the Commission's Legal Counsel. Electronic notifications should be sent to the Executive Secretary at mpscedockets@michigan.gov and to the Michigan Department of the Attorney General – Public Service Division at pungpl@michigan.gov. In lieu of electronic submissions, paper copies of such notifications may be sent to the Executive Secretary and the Attorney General – Public Service Division at 7109 W. Saginaw Hwy., Lansing, Michigan 48917.

MICHIGAN PUBLIC SERVICE COMMISSION

Sally A. Talberg, Chairman

Norman J. Saari, Commissioner

Rachael A. Eubanks, Commissioner

By its action of March 28, 2017.

Kavita Kale, Executive Secretary

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter of the application of)
SEMCO ENERGY GAS COMPANY for)
reconciliation of the gas cost recovery) Case No. U-17692-R
plan for the 12-month period ending)
March 31, 2016.)

SETTLEMENT AGREEMENT

Pursuant to Section 78 of the Administrative Procedures Act of 1969, as amended MCL 24.278, and Rule 431 of the Michigan Administrative Hearing Rules, R 792.10431, SEMCO Energy Gas Company (“SEMCO Gas” or the “Company”), the Michigan Public Service Commission Staff (“Staff”), and Attorney General Bill Schuette (“AG”) agree as follows:

1. On June 30, 2016, SEMCO Gas filed its Application along with supporting testimony and exhibits with the Michigan Public Service Commission (“MPSC” or the “Commission”) requesting approval of its Gas Cost Recovery (“GCR”) reconciliation for the 12-month period ending March 31, 2016. The Application also reflects the reconciliation of the Balancing and Demand costs and revenues for the 12-month period ending March 31, 2016.

2. On July 27, 2016, the Commission issued its Notice of Hearing scheduling a prehearing conference for September 8, 2016, and in accordance with the Commission’s Notice of Hearing, the Company provided notice throughout its service territory. The proof of mailing and affidavits of publication were electronically filed with the Commission on August 22, 2016.

3. On September 8, 2016, Administrative Law Judge Martin D. Snyder presided over the prehearing conference, and the Company and Staff participated. The AG was granted intervenor status.

4. Subsequent to the prehearing and conducting discovery, the parties engaged in settlement discussions. As a result, the parties have reached agreements resolving all issues in this case.

5. By this Settlement Agreement, SEMCO Gas, Staff and the AG agree that:

- (a) Proceedings in this GCR reconciliation were conducted in accordance with Act 304.
- (b) During the 12-month period ending March 31, 2016, the Company's gas costs were reasonably and prudently incurred.
- (c) During the 12-month period ending March 31, 2016, in connection with the GCR, SEMCO Gas experienced a cumulative overrecovery of \$297,394 reflective of (i) the roll-in of the prior year's GCR under-recovered amount, (ii) the allocated portion of the Balancing and Demand over-recovered amount, and (iii) interest.
- (d) During the 12-month period ending March 31, 2016, SEMCO experienced a cumulative overrecovery in Balancing and Demand costs, inclusive of interest, of \$90,845.
- (e) SEMCO Gas should be authorized to roll-in the cumulative overrecovery of \$297,394 into its 2016-2017 GCR beginning reconciliation balance.
- (f) SEMCO Gas should be authorized to roll-in the overrecovery of \$90,845 for the GCC Balancing and Demand 2016-2017 beginning reconciliation balance.

- (g) Within 60 days of an order approving the settlement agreement, the parties will convene a technical conference to discuss issues and suggestions regarding Company procedures and case presentation for future GCR proceedings.

6. The parties agree that approval of this Settlement Agreement by the Commission would be reasonable and prudent, and will aid in the expeditious conclusion of this case.

7. This Settlement Agreement has been made for the sole express purpose of reaching compromise among the positions of the parties. This Settlement Agreement is intended for a final disposition of this proceeding, and the parties join in respectfully requesting that the Commission grant prompt approval.

8. All offers of settlement and discussions relating to this Settlement Agreement are, and shall be considered, privileged under MRE 408 and shall not be used in any manner, or be admissible for any other purpose in connection with this proceeding or any other proceeding or matter. This Settlement Agreement does not constitute a precedent in any other case or proceeding except as necessary to carry out its terms.

9. This Settlement Agreement is not severable. Each provision of the Settlement Agreement is dependent upon all other provisions of the Settlement Agreement. Failure to comply with any provision of the Settlement Agreement constitutes failure to comply with the entire Settlement Agreement. If the Commission rejects or modifies this Settlement Agreement or any provision of the Settlement Agreement, the Settlement Agreement shall be withdrawn and shall not constitute any part of the record in this proceeding or be used for any other purpose. Each party agrees not to appeal or otherwise contest any Commission order accepting and approving this Settlement Agreement without modification.

10. The parties agree to waive Section 81 of the Administrative Procedures Act of 1969, MCL 24.281, as it applies to this proceeding, if the Commission approves this Settlement Agreement without modification.

Respectfully submitted,

SEMCO ENERGY GAS COMPANY

Sherri A. Wellman

Digitally signed by Sherri A. Wellman
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MillerCanfield
Date: 2017.03.10 10:33:39 -05'00'

Dated: March 10 2017

By: _____

Its Attorney

Sherri A. Wellman (P38989)

MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.

One Michigan Avenue, Suite 900

Lansing, MI 48933

MICHIGAN PUBLIC SERVICE COMMISSION STAFF

Heather M.S.

Digitally signed by Heather M.S. Durian
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General Public Service Division,
email=ddurianh@michigan.gov, c=US
Date: 2017.03.10 09:40:48 -05'00'

Dated: March 10 2017

By: _____

Durian

Its Attorney

Heather M.S. Durian (P67587)

Assistant Attorney General

7109 West Saginaw Hwy, 3rd Floor

Lansing, MI 48917

ATTORNEY GENERAL BILL SCHUETTE

Dated: March ¹⁵~~10~~ 2017

By: _____

His Attorney

Celeste R. Gill (P52484)

Assistant Attorney General

Environment, Natural Resources & Agriculture Division

525 West Ottawa Street, Floor 5

P.O. Box 30755

Lansing, MI 48909

Celeste R. Gill
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